

PERCEPTION OF COMMON PEOPLE ON DEMONETIZATION IN INDIA

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ABSTRACT

The main objective of the study is to find out the perception of common people with regard to demonetization in India. The Survey Method has been adapted for the study. The perception on demonetization questionnaire prepared by Thomas Alexander, Arockiasamy and others was used for data collection. The sample consists of 251 people in and around Tirunelveli City. The result reveals that 17.5% of people had high level of perception on demonetization and 67.4 % of them had moderate level of perception on demonetization.

INTRODUCTION

Demonetization occurs when a particular type of currency is withdrawn from circulation. In such a situation, the demonetized currency ceases to be recognized as a legal tender. Demonetization means stopping a form of currency from being legal tender. That means that this currency can no longer be legally used. It cannot be used to buy things and if it is paid into the bank, bank manager should not accept it.

In the present economical situation, black money has inflated prices in real estate, gold and a few other sectors, making it a challenge for a common Indian citizen to invest. However the government's attempt to curb black money will significantly lower the prices in such sectors. According to Finance ministry's report in 2012, "real-estate accounts for more than 50 per cent of the current black money market". Demonetization would not only repair internal economic issues, but also tackles funding to terrorism. Counterfeit money is one of the main sources of funding for activities related to terrorism. Also, corrupted government officials and politicians who have earned in illegal ways will have no other option to put that money into usage.

BACKGROUND OF THE STUDY

The Indian government had demonetized bank notes on two prior occasions—once in 1946 and then again in 1978—and in both cases, the goal was to combat tax evasion by "black money" held outside the formal economic system. In 1946, the pre-independence government hoped demonetization would penalize Indian businesses that were concealing the fortunes amassed and supplying the Allies in World War II. In 1978, the Janata Party coalition government demonetized banknotes of 1000, 5000 and 10,000 rupees, again in the hopes of curbing counterfeit currencies and black money.

In 2012, the Central Board of Direct Taxes had recommended against demonetization, saying in a report that, "demonetization may not be a solution for tackling black money or economy, which is largely held in the form of benami properties, bullion and jewellery". According to the data from income tax probes, black money holders kept only 6% or less of their wealth as cash, suggesting that targeting this cash would not be a successful strategy.

On 28th October, 2016, the total banknotes in circulation in India was 17.77 trillion (US \$ 260 billion). In terms of value, the annual report of Reserve Bank of India (RBI) of 31 March 2016, stated that total bank notes in circulation valued to 16.42 trillion (US \$ 240 billion) of which nearly 86% (around 14.18 trillion -US\$210 billion) were 500 and 1,000 banknotes. In terms of volume, the report stated that 24% (around 22.03 billion) of the total 90266 million banknotes were in circulation.

In the past, the Bharatiya Janata Party (BJP) had opposed demonetization. BJP spokesperson Meenakshi Lekhi had said in 2014 that, "The *aam aurats* and the *aadmis*" (general population), who are illiterate and have no access to banking facilities, will be the ones to be hit by such diversionary measures.

In June 2016, the Government of India had devised the Income Declaration Scheme, that which lasted till 30 September 2016, providing an opportunity to citizens holding black money and undeclared assets to avoid litigation and come out clean by declaring their assets, paying the tax on them and a penalty of 45% thereafter.

NEED AND SIGNIFICANCE OF THE STUDY

Money is used in innumerable ways in daily life of the people, such as, for the food, shelter and clothing. Due to corruption in the society, the ordinary people are absolutely deprived of their resources as Indians. That is why the Government of India has taken the right steps to find firm resolves to fight and eliminate black money that needs the support and cooperation of all like-minded citizens of India who will see a more equitable distribution of the nation's resources in a new India, based on merit and equal opportunity. The idea of demonetization eradicates the black money or unaccounted money in India. This can make the cashless economy and meet the enormously beneficial needs of the poor and the underprivileged. The implementation of a major demonetization programme has been waging on the black money market economy in the country since then. An explicit policy of demonetization makes the whole process clear: the old banknotes will no longer be considered as legal tender.

OBJECTIVES OF THE STUDY

1. To find out the level of perception on demonetization among the people with respect to gender.
2. To find out whether there is any significant difference in perception on demonetization among the people with respect to background variables namely, gender, nature of people, marital status and locality.
3. To find out whether there is any significant association in perception on demonetization among the people with respect to background variables namely, age, educational qualification.

NULL HYPOTHESES

1. There is no significant difference between men and women in their perception on demonetization.
2. There is no significant difference between student and other than student category of people in their perception on demonetization.
3. There is no significant difference between married and unmarried people in their perception on demonetization.

4. There is no significant difference between rural and urban population in their perception on demonetization.
5. There is no significant association between age of the people and perception on demonetization.
6. There is no significant association between educational qualification of people and perception on demonetization.

METHOD USED FOR THE STUDY

The investigators adopted the Survey Method to find out the perception on demonetization among the people.

Population and Sample for the study

The population for the present study consists of common people in Tirunelveli city. The investigators have used Simple Random Sampling Technique for selecting the sample from the population. The sample consists of 251 people in and around Tirunelveli city.

TOOL USED FOR THE PRESENT STUDY

By keeping the various objectives of the study in mind, the following tool was used by the professors and their team for collecting the data.

Perception on demonetization questionnaire: This was developed and validated by Thomas Alexander, Arockiasamy and their team (2017).

STATISTICAL TECHNIQUES USED

The major statistical techniques used were: percentage analysis, 't' test and Chi-Square test.

ANALYSIS OF DATA

1. To find out the level of perception on demonetization among the people.

Table 1

LEVEL OF PERCEPTION ON DEMONETIZATION AMONG THE PEOPLE

Variable	Low		Moderate		High	
	N	%	N	%	N	%
Perception on Demonetization	38	15.1	169	67.4	44	17.5

It is inferred from the above table that 15.1% of people have low, 67.4% of them have moderate and 17.5% of them have high level of perception on demonetization.

2.To find out the level of perception on demonetization among the people with respect to gender.

Table 2

LEVEL OF PERCEPTION ON DEMONETIZATION AMONG THE PEOPLE WITH RESPECT TO GENDER

Variable	Gender	Low		Moderate		High	
		N	%	N	%	N	%
Perception on Demonetization	Male	18	12.8	99	70.2	24	17.0
	Female	20	18.2	70	63.6	20	18.2

It is inferred from the above table that among the male, 12.8% of them have low, 70.2% of them have moderate and 17.0% of them have high level of perception on demonetization. Among the female, 18.2% of them have low, 63.6% of them have moderate and 18.2% of them have high level of perception on demonetization.

HYPOTHESES TESTING**Hypothesis 1**

There is no significant difference between men and women in their perception on demonetization.

Table 3

DIFFERENCE BETWEEN MEN AND WOMEN IN THEIR PERCEPTION ON DEMONETIZATION

Variable	Gender	N	Mean	SD	Calculated 't' value	Remark
Perception on Demonetization	Male	141	30.40	3.002	0.19	NS
	Female	110	30.33	3.251		

(The table value of 't' is 1.96, NS - Not Significant)

It is inferred from the above table that the calculated 't' value (0.19) is less than the table value at 0.05 level of significance. Hence the null hypothesis is accepted. Thus, the result shows that there is no significant difference between men and women in their perception on demonetization.

Hypothesis 2

There is no significant difference between student and other than student category of people in their perception on demonetization.

Table 4

DIFFERENCE BETWEEN STUDENT AND OTHER THAN STUDENT CATEGORY OF PEOPLE IN THEIR PERCEPTION ON DEMONETIZATION

Variable	Category	N	Mean	SD	Calculated 't' value	Remark
Perception on Demonetization	Student	54	31.52	2.957	3.11	S
	Other than student	197	30.06	3.081		

(The table value of 't' is 1.96, S - Significant)

It is inferred from the above table that the calculated 't' value (3.11) is greater than the table value at 0.05 level of significance. Hence the null hypothesis is rejected. Thus, the result shows that there is a significant difference between student and other than student category of people in their perception on demonetization.

While comparing the mean scores of student (Mean=31.52) and other than student category of people (Mean=30.06) in their perception on demonetization, the student category of people are better than the other than student category of people.

Hypothesis 3

There is no significant difference between married and unmarried people in their perception on demonetization.

Table 5

DIFFERENCE BETWEEN MARRIED AND UNMARRIED PEOPLE IN THEIR PERCEPTION ON DEMONETIZATION

Variable	Marital Status	N	Mean	SD	Calculated 't' value	Remark
Perception on Demonetization	Married	83	30.84	3.098	1.70	NS
	Unmarried	168	30.14	3.095		

(The table value of 't' is 1.96, NS-Not Significant)

It is inferred from the above table that the calculated 't' value (1.70) is less than the table value at 0.05 level of significance. Hence the null hypothesis is accepted. Thus, the result shows that there is no significant difference between married and unmarried people in their perception on demonetization.

Hypothesis 4

There is no significant difference between rural and urban population in their perception on demonetization.

Table 6

DIFFERENCE BETWEEN RURAL AND URBAN POPULATION IN THEIR PERCEPTION ON DEMONETIZATION

Variable	Locality	N	Mean	SD	Calculated 't' value	Remark
Perception on Demonetization	Rural	90	30.46	2.491	0.32	NS
	Urban	161	30.32	3.411		

(The table value of 't' is 1.96, NS - Not Significant)

It is inferred from the above table that the calculated 't' value (0.32) is less than the table value at 0.05 level of significance. Hence the null hypothesis is accepted. Thus, the result shows that there is no significant difference between rural and urban area people in their perception on demonetization.

Hypothesis 5

There is no significant association between age of people and perception on demonetization.

Table 7

ASSOCIATION BETWEEN AGE OF PEOPLE AND PERCEPTION ON DEMONETIZATION

Variable	Age	df	Calculated ' χ^2 ' value	Remark
Perception on Demonetization	Below 20 years	4	2.40	NS
	21-40 years			
	Above 41 years			

(For 4 df the table value of ' χ^2 ' is 9.488, NS -Not Significant)

It is inferred from the above table that the calculated ' χ^2 ' value (2.40) is less than the table value at 0.05 level of significance. Hence the null hypothesis is accepted. Thus, the result shows that there is no significant association between age group of people and perception on demonetization.

Hypothesis 6

There is no significant association between educational qualification of people and the perception on demonetization.

Table 8

ASSOCIATION BETWEEN EDUCATIONAL QUALIFICATION OF PEOPLE AND PERCEPTION ON DEMONETIZATION

Variable	Educational Qualification	df	Calculated ' χ^2 ' value	Remark
Perception on Demonetization	Illiterate	4	9.16	NS
	Up to HSC			
	Degree			

(For 4 df the table value of ' χ^2 ' is 9.488, NS - Significant)

It is inferred from the above table that the calculated ' χ^2 ' value (9.16) is less than the table value at 0.05 level of significance. Hence the null hypothesis is accepted. Thus, the result shows that there is no significant association between educational qualification of people and perception on demonetization.

FINDINGS

1. 17.5% of the people have high level of perception on demonetization.
2. 17.0% of men and 18.2% of women have high level of perception on demonetization.
3. No significant difference is found between male and female people in their perception on demonetization.
4. A Significant difference is found between student and other than student category of people in their perception on demonetization. While comparing the mean scores, the student category of people are better than the other than student category of people.
5. No significant difference is found between married and unmarried people in their perception on demonetization.
6. No significant difference is found between rural and urban area people in their perception on demonetization.
7. No significant association is found between age of people and perception on demonetization.

8. No significant association is found between educational qualification of people and perception on demonetization.

INTERPRETATIONS

The 't' test result reveals that the student category of people are better than the other than student category of people in their perception on demonetization. This may be due to the fact that they have knowledge on the use and circulation of black money or unaccounted money in the society because they are educated. They have the awareness about the black money and prevention techniques and methods. They have responded and received it in a positive manner. Though they are shocked and surprised when they have heard the banning of 500 and 1000 rupees currency is replaced with the new currency notes- 500 and 2000. They have faced with a number of problems at the banks, standing in a line to exchange their old currency with their new currency.

The ' χ^2 ' test result reveals that there is significant association between occupation of people and perception on demonetization. This may be due to the fact that the experts have more knowledge of the demonetization and the effect of demonetization on people. They know its greater impacts on daily wagers, farmers and middle class people, whereas others do not have the recourses to get to know about the planning of demonetization so called the banning of accounted money. The educated people are well aware of and are able to come out of their shocks in the course of time easily than the other category of people. The issue of demonetization has taken a long course of time to be accepted by all.

RECOMMENDATIONS

The investigators have given the following recommendations based on their findings.

1. Street plays might bring out the awareness on the circulation of black money which is an evil in the society.
2. Through debates and discussions on TV telecast about the need and importance of demonetization in the present context.
3. Through the Non Governmental programmes the government can enhance the agenda of implementing the demonetization.

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